



MINUTES
Economic Development Authority
September 17, 2019

CALL TO ORDER

The Economic Development Authority meeting was called to order by Vice-Chair Goodsell at 5:00 pm.

Present: Chair: Jahn Dyvik (arrived at 5:10 pm); Vice Chair: Lori Goodsell; Board: Tim Hultmann, Michelle Jerde, Tom Skjaret, Deirdre Kvale, and Charlie Miner

Staff Present: City Administrator/Executive Director: Scott Weske

Absent: None

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

A motion was made by Jerde, seconded by Hultmann, to approve the agenda. Ayes: all.

CONSENT AGENDA

- A. Approve Minute of August 20, 2019 EDA Meeting

A motion was made by Miner, seconded by Skjaret, to approve the minutes of the August 20, 2019 EDA meeting. Ayes: all.

OPEN CORRESPONDENCE

Dan Crear, 545 Virginia Avenue and 2045 Wayzata Boulevard W, stated that he is 67 years old and bought his property in Long Lake when he was 27. He stated that he has seen numerous projects come before the EDA, and explained that he is tired of seeing every possible project fail. He commented that a sign of success is somebody that gets something done and he stated that it doesn't appear that the EDA is getting anything done. He conveyed that he is frustrated and asked the EDA to make a decision to do something rather than ending another meeting without moving anything forward.

BUSINESS ITEMS

Reschedule October 15, 2019 EDA Meeting

Vice-Chair Goodsell explained that Chair Dyvik will be unable to attend the regularly scheduled EDA meeting on October 15, 2019. Staff is requesting that the EDA consider rescheduling and holding the meeting on Tuesday, October 22, 2019.

A motion was made by Miner, seconded by Jerde, to rescheduled the October 15, 2019 EDA meeting to October 22, 2019.

Discuss Long Term Plans for City-Owned Properties

Executive Director Weske noted that this was one of the items on the last agenda that the EDA did not have enough time to discuss. He gave an overview of some of the projects that have been before the City proposed for City owned property and noted that in 2016 the EDA went out for an RFP seeking proposals for development of the vacant Virginia Avenue property. He added that in 2016 there was a different City Council and EDA, and the residents along Virginia Avenue did not have the unity that they do now of having the mindset or ability to support a larger development. He stated that the EDA at the time the RFP was issued did come up with the development goals for the site. He read aloud the goal statement from the RFP prepared previously with the assistance of WSB. He stated that he wanted to put this discussion before the current EDA to question what they see for a long-term plan for City-owned properties, and reflected that with regard to the Virginia Avenue parcel, most of the homeowners are willing to sell at this time.

Board member Miner asked if the City had received any proposals from the RFP in 2016.

Weske stated that none of the proposals were complete based on the specifications. He noted that there were a few individuals that looked at it but all the larger firms felt the land size was not big enough to do a larger project.

Chair Dyvik arrived at the meeting.

The EDA discussed some past projects and developers that were interested in this area.

Board member Skjaret commented that his frustration is that development in the Virginia Avenue area has never gotten beyond a presentation. He stated that the current presentation for this site is, in his opinion, the most solid presentation and the EDA is dilly-dallying about moving it to the next level even for discussion purposes. He stated that he thinks this project should move onto the next step, and recalled that the EDA has listened to a lot of presentations and has rejected them all.

Chair Dyvik stated that he thinks the EDA is giving this project consideration.

Board member Skjaret stated that he feels that every time the EDA receives a proposal, a board member does not find favor with the proposal and the board shoots it down. He commented that he does not think the City will get a better overall deal than the current proposal.

Board member Kvale stated that she does not think this proposal is consistent with what the community wants.

Board member Hultmann stated that he completely disagreed with Board member Kvale.

Board member Kvale stated that she is basing her statement on the community survey responses. She stated that she thinks this is considering bringing in a project that is not on the same scale as the downtown area and will increase traffic, create huge costs on service and increase the response time for emergency services. She reiterated that she does not think this is the type of project that the community wants in this area. She stated that she does not think a project of this size is the best gateway into the City.

Board member Jerde stated that she believes the EDA is just trying to best serve the land use and help the community.

Mr. Crear stated that he would like the EDA to remember that they are called the Economic Development Authority and there should be development that brings enough people to the City to support the local business community.

Board member Miner asked Mr. Weske if this proposal is coming up on the correct timing for putting together an RFP since there is more than one project interested in the Virginia Avenue site.

Weske responded that with all the new development interest in the area, he didn't think it would be a bad idea to put out another RFP. He stated that the City may somehow have to associate with the properties that are willing to sell and go through that process so it can be marketed as a whole, but noted that he is not sure how that would be drafted and would seek legal consult.

Board member Hultmann stated that he doesn't want to keep kicking the can down the road and if there is a bird in the hand now, he would like to capitalize on that and start working with it to move forward with a plan. He stated that he doesn't want to move forward with vague ideas of things like the "economy is picking up" or "interest rates might be decreasing". He stated that there is somebody already here that is interested and the City should be moving forward to see if this is something that will work.

Susan Hitchings, 505 Virginia Avenue, stated that others have expressed concern about the building being too tall, but if you take into consideration the topography of the area, it is not that tall. She stated that she has been in her home for 43 years, she is getting very tired of this whole situation, and thinks the City has been very cruel to them with how this has been handled. She commented that she thinks the current proposal is a good fit for the City.

Board member Miner stated that he wants to still find a solution for Virginia Avenue residents who want to sell their property. He agreed the situation has been going on for a long time and he feels the time is right to find a solution. He stated that he is not opposed to this particular project but does feel the scale is a bit large and would like to find a way that it is not as imposing. He stated that he would like the EDA to move forward with this issue and let the residents in the area be able to move on with their lives.

Board member Goodsell asked if the EDA would be spending any time discussing the other proposal that Mr. Weske had sent them via e-mail.

Weske stated that was just an inquiry and not an official application.

Board member Skjaret stated that what he didn't like about the inquiry was that they had planned to complete the project in phases. He indicated that he likes the idea of a development that offers healthcare services because they will be invested in seeing it succeed and all the employees will have to pass background checks. He commented that if the City were to put in a market rate project, it could be sold off to an investment group and the City wouldn't really have someone invested in the community and its success.

Chair Dyvik stated that he does not think this particular developer would bring in an investment group, but understands his concerns.

Board member Goodsell stated that she liked the idea of the inquiry proposal because it was going to be a phased project and would not be such an immediate change to the City. She stated that she also liked the layout because it would be setback a bit more.

Board member Kvale noted that there is still a Virginia Avenue homeowner that would like to stay on her property and expressed concern about her being able to access her property.

Weske stated that access would be maintained to that property regardless of what sort of development happens in this location.

Board member Goodsell stated that because the City already has some senior housing going in nearby, she would like to see some diversity in use, such as the proposal presented in the informal inquiry.

Board member Skjaret stated that decisions should be made based on data and shared some statistics regarding the aging population and the increasing market need for senior housing.

Board member Kvale stated that there is already a senior housing project going in across the street. She stated that looking into the future, the City may want to have this land for some other use after the baby boomers have aged out.

Board member Skjaret stated that studies are showing the trend that as people in the United States are aging, they are remaining healthier and becoming wealthier. He stated that this development would provide a service so people can stay in the community. He commented that it has independent living options, which is an apartment, but there are also options for assisted living and memory care options, if they end up needing them further down the road, which means they can stay in the community.

Board member Kvale reiterated that this same kind of senior living facility is going in just down the street.

Board member Skjaret reiterated the statistics on the aging population and stated that this gives residents living options and is a way for people to be able to stay in the community. He stated that he thinks this an important part of the portfolio for what the City has to offer to people.

Board member Kvale asked how many units of senior housing were available across the bridge.

Board member Hultmann stated that in Long Lake Assisted Living, he believes there are 30 or 40 units in there.

Chair Dyvik stated that the proposed Zvago development will have about 55 units. He stated that it just seems like there is a sudden explosion of senior housing.

Ms. Hitchings stated that she feels there is a need for it.

Mr. Crear agreed and commented that it is because there has been a sudden explosion of seniors.

Board member Kvale asked what percentage of the total population would be senior care living relative to the other population of the City.

Mr. Crear stated that even if the City increases the senior population, it will be freeing up single family housing for younger people and families to move into the City. He stated that he thinks that is an invisible advantage to this kind of project.

Mary Crear, 545 Virginia Avenue, stated that this block of homes is so isolated and is very far away from "community". She does not understand the City's hesitancy to move forward with this project. She stated that one of the homeowners is in memory care and needs the money that selling will bring to her family and her care. She explained that her mother lived in assisted living housing and she would go visit her once a week and they would go shopping all around the neighborhood, which is what these people will do if this development moves forward. She stated that if the City really loves this neighborhood as much as they say, she questioned why the neighborhood has felt abandoned for all these years.

Mr. Crear stated that the City changed the entire neighborhood when they decided to put a commercial building right in the middle of it. She stated that the City started this whole thing with that decision and somebody needs to finish it.

Board member Miner suggested moving onto the next agenda item and then circling back if necessary.

Application for EDA Review: Continued Discussion - Virginia Avenue Property/Trinity Vincent Development, Aaron Maciej and Brandon Laubach – Proposal for 110 Unit Senior Assisted Living and Memory Care Apartments

Weske noted that the EDA had discussed this application at its last meeting and since then, Trinity Vincent Development has submitted a colored rendering of what the building could look like that meets all the requirements of the Village Design Guidelines. He stated that all of those details though will be discussed by the Planning Commission. He stated that what is needed from the EDA is direction.

Mr. Maciej reviewed the rendering that they completed and explained the details of their proposed plan. He noted that after the last meeting they took another look and researched whether they could reduce the total number of units, but that would not work in the proforma, so they are still proposing 110 units of senior housing. He indicated that they plan to request TIF financing to get their project underway, and that they are considering platting it at two lots with the green space, so that lot could either be sold or developed later. He explained the way things have been laid out in order to accommodate the individual who is not interested in selling.

Chair Dyvik stated that setting aside the debate regarding market rate or senior rate housing, he thinks a lot of people are going to have a problem with a four-story building right on the corner. He would like to see it pushed back and somehow broken up.

Mr. Maciej noted that by the time they get to the final plat portion of the project, they will have already spent close to \$500,000 and have purchase agreements with 9 of the 10 property owners. He explained that they would like to know if the EDA considers this a viable project or not and whether they will negotiate with them on the EDA owned land for this project before they sink any more money into it. He stated that he believes this project will be a great asset to the City and not a detriment.

Board member Kvale asked about the Trinity Vincent proposal that they made in Orono.

Mr. Maciej stated that the City Council denied their proposal.

Board member Goodsell stated that her opinion may not be popular but when she sees the rendering she thinks of when she drives through Wayzata and sees the big Folkestone building and it is like driving through a tunnel. She indicated that she thinks that it completely changed the feel of their town which is no longer a quaint town. She stated that the past survey results have shown that people want a village feel and she cannot see this fitting in with that desire.

Board member Kvale stated that perhaps there will be another area within the City in the future that this proposal would fit perfectly on and reiterated that there are a lot of senior housing units already available.

Board member Miner noted that there are waiting lists for all the available senior housing.

Board member Skjaret noted that this development takes up two City blocks and would not be as large as the development mentioned from Wayzata. He stated that he believes having this in the middle of town is the perfect place to have it because it is not imposing on anyone or blocking anyone's view.

Board member Kvale stated that if you drive around other small cities, the larger high-rise type buildings are not built in the center of their downtown areas.

Board member Hultmann stated that this corner is not the center of the City. He stated that he believes Board member Kvale doesn't want anything in this area because she is trying to protect one individual. He stated that he understands the sentiment but decisions need to be made for the benefit of the whole.

Board member Kvale stated that she wants to protect the community and agrees with Board member Goodsell that she does not think this is the right fit. She suggested that perhaps a better fit may be commercial development or perhaps another project with community purpose such as a future Police department. She stated that she would like to see the community get involved.

Weske stated that Board member Kvale continues referring to what the community wants, and he questioned whether she would be supportive of writing a check for \$3 million to buy out the individual property owners who desire to sell.

Board member Kvale stated that the City is not under any legal obligation to buy the properties.

Board member Jerde stated that she feels the properties should be bought because the City promised this to the homeowners a long time ago.

Board member Skjaret indicated that he sees that there are three options: keep delaying and putting things off which is what the EDA is currently doing; accept this proposal and bring it to the next step and see what the actual challenges will be; or take the sign down, get a bond for \$3 million and buy out the homeowners, level the houses and move on. He stated that he thinks the last option is the best option.

Board member Kvale reiterated that she does not think the City has any commitment or obligation to buy these properties.

Board member Skjaret stated that he thinks it is the right thing to do even if there is not a legal obligation.

Board member Jerde stated that she believes the City has a moral obligation to buy the properties if the City will not let it be developed.

Board member Miner suggested that the EDA move forward with a vote and see where things end up.

Chair Dyvik stated that he was hoping that the design could be tweaked with some input from the EDA and noted that the overhead views appears to show a large chunk of land will just be left sitting.

Mr. Maciej stated that there is about an acre that will be left as greenspace because they did not want to put a residence up against the industrial area. He stated that the proposal meets the City's design guidelines and that it thinks it will provide a great streetscape. He added that he does think that the building will work by moving it to the backside of the property.

Board member Hultmann asked what part of their plan would change if they had the last property in the area.

Mr. Maciej stated that they could possibly push it back a little further but would still want to maintain the visibility from the road. He listed off some of the PUD requirements within the City.

Board member Skjaret stated that he does not think the building will be as visible and monolithic as people think because there will be grading changes and could be a way to step back the upper floors a bit.

Chair Dyvik stated that this is the type of design input he would like the EDA to be able to have but it doesn't appear as though the developer is open to accept this input.

Mr. Maciej stated that he would like to know that they have the support of the EDA before they proceed any further in the process. He reiterated that they have already put a lot of money into this process without knowing that the EDA will accept their proposal.

Board member Goodsell stated that she does not want to accept a proposal before the EDA has some answers to the questions about whether they will accommodate some of the design details that they have raised.

Board member Skjaret explained that what happens is that the developer designs 80% of the building and then comes back for the final details and tweaks. He stated that this is very normal and approving the project, in general, would not be a 100% guarantee for the project because a check has not been signed. He indicated that he believes the developer is looking for assurances that the City is willing to meet them on their designs.

Mr. Maciej stated that they will need to go through the approval process with the Planning Commission and City Council ultimately, but in order to do that, they would need to have control of the EDA owned land. He stated that he would like to get an exclusive right to negotiate a purchase agreement for the EDA owned land.

Weske stated that the next step would be to enter into executive negotiations with Trinity Vincent based on the current design proposal and then there would be back and forth discussions between the two parties. He stated that what this would really do is stop other applications from coming into the City for EDA review.

Chair Dyvik stated that he is much more interested in the market rate proposal that was sent out via e-mail by Mr. Weske. He added that he understands there are unknowns such as whether that project will need TIF in order to move forward.

Weske stated that he is fairly certain that they will also be asking for TIF.

Chair Dyvik stated that everyone that is serving on the EDA loves Long Lake and wants to do the best thing for the City. He stated that this is a very big decision.

Board member Kvale stated that she agreed and felt that this building will be a marquis building and its scale is too large.

Board member Miner reiterated his request to put this to a vote and move on one way or the other.

Board member Jerde asked if the proposal actually meets City guidelines.

Weske stated that it has not gone before the Planning Commission, so at this point, he is not sure.

Mr. Maciej stated that his company did not intend to come across as bull-headed about the designs, but wanted the EDA to know that they are coming to the City with a proposal for a 110-unit senior housing facility. He stated that their design rendering is very close to what it will be but not necessarily the "be all, end all" design.

A motion was made by Skjaret, seconded by Hultmann, to direct City staff to enter into executive negotiations with Trinity Vincent for the EDA owned Virginia Avenue property, with a period of 90 days to agree on terms. Ayes: Skjaret, Hultmann, Miner, and Jerde. Nays: Kvale, Dyvik, and Goodsell. Motion carried.

Discuss Long Term Plans for City-Owned Properties – Continued From Previous

Chair Dyvik suggested briefly discussing the former BP station property.

Weske noted that there has been some interest expressed in this location and suggested that it go through the RFP process.

Board member Skjaret asked if this had to go through an RFP process.

Weske stated that his understanding is that the land has to be sold through a process that gives everybody a chance and creates equitable public opportunity.

Board member Dyvik asked why an RFP process was not necessary for the Virginia Avenue property.

Weske stated that an RFP process had already been followed for Virginia Avenue once, and the property has remained posted for sale since that time. He indicated he believes if an RFP process for the former BP station site were to fail, the City can go back to one-on-one negotiations with individuals. He reviewed some of the survey results that seem to favor retail use, so an RFP could go out with that information.

Chair Dyvik asked if that retail use information could be excluded and see what options come in.

Weske stated that he would have to take a closer look because there will be zoning restrictions and there are also some deed restrictions on the property that will need to be adhered to.

Board member Skjaret stated that there is a community member already interested in this property.

Weske noted that the dental office had 13 years to purchase the property and did not express active interest until the City bought it and cleaned it up.

Board member Skjaret stated that the dental office did not have the depth of understanding to purchase the property and do the clean up, but now that the property is there, he would like to see the City take this to the next step with them.

Weske stated that the EDA needs to consider what is the best use for the property. He stated that may mean that the property is sold to the highest bidder that has plans that match the City rules and zoning.

Board member Skjaret stated that he does not think that is the right thing to do and believes it sends a very bad message to the community. He stated that he doesn't understand why the City wouldn't bend the rules a bit and give a long-time existing business in the community a chance.

Board member Hultmann stated that this process needs to be handled legally and suggested that the City Attorney may have an opinion.

Board member Skjaret commented that he would like to at least open the door to the dental office and sit down and have a discussion because that has not even been done. He stated that if the City doesn't do that, he feels it sends the message that the City doesn't care if they have been here for 30 years nor will they get any consideration for their longevity in the community.

Chair Dyvik asked who else had expressed interest in the property.

Weske stated that there was interest from someone who wanted to put a drive-through franchise coffee shop on this site.

Board member Skjaret asked if the EDA could direct staff to confirm whether or not an RFP would need to be done in order to sell this property and if there is a way to work with the dental office, or get the RFP out there and put up a for sale sign.

Weske stated that he can check into that but noted that the EDA does not know what price they would like to sell this property for at this point. He stated that the EDA is in about \$300,000 for this property and asked if the EDA was suggesting that it be sold for less in order to support a local business. He stated that he feels like the EDA may be trying to sell something without having any criteria in place for a sales price.

Board member Skjaret asked how the City could get an assessment on the property for pricing.

Weske stated that the City Assessor took some action to get it off the tax rolls and he would anticipate the City Assessor can assist the City with the criteria for pricing.

Chair Dyvik stated that the tax assessment for this property is right at \$300,000 as well. He observed that he is not trying to make a substantial profit on the property but would like to recover the costs.

Board member Miner asked if there was anything that could be done tonight to move this forward so the EDA does not have to wait another month. He asked if the direction could be that staff determines the appropriate price for the property.

The EDA directed staff to determine if an RFP is required, to establish a current property value and draft an RFP, if necessary, by the next meeting.

OTHER BUSINESS

Board member Miner asked about removing the orange construction fencing. Weske explained that it was in place to allow for erosion control and to keep people from walking in the area. He stated that he will check, but the fencing may be able to be moved.

ADJOURN

Chair Dyvik adjourned the meeting by general consent at 6:29 pm. Ayes: all.

Respectfully submitted,
Scott Weske, Executive Director